

Exhibit 11

LEXON INSURANCE COMPANY vs JAMES C. JUSTICE II
Jeremy Sentman on 04/25/2024

1 IN THE UNITED STATES DISTRICT COURT FOR THE
2 MIDDLE DISTRICT OF TENNESSEE

3 LEXON INSURANCE COMPANY,) No. 3:23-CV-0772
4 Plaintiff)
5)
6 vs.)
7)
8 JAMES C. JUSTICE II,)
9 Defendant)
10

11 DEPOSITION OF JEREMY SENTMAN

12 Taken remotely via Zoom on Thursday, April
13 25, 2024, commencing at 9:00 a.m., by Leandra M.
14 Stoudt, RPR, CBC, CCP, CRR, CCR, Notary Public.
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16 APPEARANCES:

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32 -- for the Defendant

1 A. I am.

2 Q. And what's your understanding of the
3 purpose of this document?

4 A. This document amended the earlier
5 Complaint to revise some terms and pursuant to
6 negotiations between underwriting and Jay Justice.

7 Q. What's your understanding of the
8 changes?

9 A. I would have to see them there in
10 there. It was -- I believe it was a fund up
11 schedule to make -- they were -- we were trying to
12 build up some collateral, and the Justice
13 companies, I believe, would make payments for
14 premium and collateral.

15 Q. Did this agreement increase the
16 collateral obligation from 5 million to 20 million
17 and then set up a payment schedule for it?

18 A. I believe that's correct, yes.

19 Q. Do you understand the payment
20 schedule to be monthly payments of \$250,000 plus
21 the liquidity event you mentioned earlier, and
22 then lump sum payments at certain intervals?

23 A. Yes. I believe that's correct.

24 Q. Do you have an understanding as to
25 why there was increase from 5 million to 20

1 million for the collateral?

2 A. It was always Lexon's. Given the
3 nature of the bonds that were written and the
4 status of those permits being that the economic
5 life of those had been exhausted, and there were
6 significant reclamation obligations, my
7 understanding was underwriting was looking for a
8 significant amount of collateral to guarantee
9 those obligations in the event that Justice
10 companies were unable to perform the reclamation
11 obligations.

12 Q. Did this agreement also set up a
13 payment agreement for premium?

14 A. I believe it did.

15 Q. Do you know if those -- if the
16 premium schedule was \$200,000 a month? Does that
17 sound right?

18 A. I believe that was correct. I
19 believe the premium was 200,000 and a collateral
20 fund up was 250,000.

21 Q. Okay.

22 MR. POGUE: If we can pull up Exhibit
23 6.

24 (Exhibit 6 was marked for
25 identification purposes.)

1 commensurate reduction in our liability that
2 matched the depletion of the collateral.
3 Meaning, we were releasing collateral, but got no
4 benefit from that in any reductions in the bonds.
5 So our discussion with Jay and Steve Ball had
6 been, yes, we can do that.

7 But one, as a condition, it will be
8 absolute and sole discretion of Lexon when any
9 collateral will be released. I think that is
10 memorialized in the agreement. And each time was
11 acknowledged and agreed to by Steve Ball and Jay
12 Justice.

13 Second, we will not be paying the
14 Justice companies, that any payments are released
15 from collateral will be directed explicitly to a
16 contractor, who is doing the reclamation work.
17 The reason for that was, we wanted to make sure
18 there were not any liens or anything that would
19 affect the property or any issues with any of the
20 regulatory bodies and to ensure that people doing
21 the work were getting paid.

22 And then, finally, the ultimate
23 condition was, there had to be some reduction,
24 right? So we couldn't have all of the collateral
25 going out, which is a problem we found ourselves

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CERTIFICATE

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I do hereby certify that the aforesaid
testimony was taken before me, pursuant to notice,
at the time and place indicated; that said
deponent was by me duly sworn to tell the truth,
the whole truth, and nothing but the truth; that
the testimony of said deponent was correctly
recorded in machine shorthand by me and thereafter
transcribed under my supervision with
computer-aided transcription; that the deposition
is a true and correct record of the testimony
given by the witness; and that I am neither of
counsel nor kin to any party in said action, nor
interested in the outcome thereof.



Leandra Stoudt, RPR, CRR
CBC, CCR, CCP, CBC, Notary Public